



The Energy Consortium

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June 13, 2001

By Email

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02210

Re: Electrical Restructuring
Technical Session re: Competitive Market Issues
Expanded Comments Given at Session May 31, 2001

Dear Ms. Cottrell,

The Energy Consortium appreciated the opportunity to participate in the Department's technical conference on May 31, 2001 which is designed to identify regulatory barriers to retail market choice and recommend possible solutions.

TEC is a nonprofit group large C&I's energy users for over 27 years. It sponsors joint actions to promote reasonable and reliable energy rates for its members and Massachusetts ratepayers. Its members are and will be greatly affected by the retail electricity competitive market and are very concerned that the electricity cost is escalating faster than their product, services and fees can tolerate. TEC members and other industries are leaving Massachusetts, electing not to expand and reducing operations due in part to the high cost of energy. This was an issue before restructuring and has been exacerbated since.

Given that the current legislation (i.e., Standard Offer rate structure) and lack of DTE final orders (i.e., Advanced Metering, MBIS, etc.) have negatively influenced the ramp-up of the competitive retail electricity market. Serious regulatory actions are needed.

What can be done in the future that promotes market competition and retail customer choice? TEC members believe, as does the DTE, that a free market is the ultimate goal for Massachusetts's retail customers. Also, we need to consider current DTE filings and orders that could lead to a less regulated competitive retail environment. To this end, TEC believes the following real-time scenario (based on entering the 21st. century information age) must happen:

A non-profit Organization of Industrial, Commercial and Institutional Energy Users

1. The customer must be able to measure its electricity demand in real-time. (TEC believes that for large users confidentiality is not a major concern. TEC members that have elected the purchase electricity from a non-utility supplier have given their consumption data to potential bidders.)
2. The customer must have, collect and process real time data (i.e., no delays)
3. The customer needs to know retail market prices in real time, especially during peak use hours, times of congestion and limited generation.
4. The customer must be able to manage its load based on price signals in real time by curtailing demand where and when possible. (Demand and usage information must be unlocked)

Until the customer knows exactly what electricity cost, they will not see the need to address retail competition and supply aggressively. With the above in mind, TEC supports the following initiatives and proposes a few new ones:

On-going initiatives-

1. Advanced (enhanced) metering
2. MBIS (We are in the 21st. Century let's capitalize on the information age)
3. Continue to work Default Service pricing to reflect time of use and true cost.

New initiatives-

1. Implement new distribution pricing that reflects time of use for all rate classes.
2. Eliminate utilities as an electricity commodity supplier of choice ASAP (Get the utilities out of the energy commodity business and into the delivery business that should be efficient and performance based)
3. Promote distributive generation by commercial and industrial customers
4. Remove Energy Efficiency fund administration from the utilities. The inefficient use of funds (i.e., administration, consulting services, incentives that shouldn't exist, etc.) should be stopped. Create incentives for customers, suppliers and marketers to drive energy efficiency, load management. Once accomplished electricity prices should stabilize and fall.

Finally, TEC still has concerns. First, the Generators must commit to a competitive market structure that assumes more risk and may not always guarantee profits. Second, the Utilities need to divest of their interest in the transmission system (NEPOOL). Lastly, Marketers and Suppliers of retail electricity must promote efficient energy use and high load factors wherever possible.

Respectively submitted,

Roger Borghesani, Chairman
The Energy Consortium